

CASS COUNTY, IOWA

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2012

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Cass County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gaylord Schelling	Board of Supervisors	January, 2015
Mark Wedemeyer	Board of Supervisors	January, 2015
Frank Waters	Board of Supervisors	January, 2013
Charles Rieken	Board of Supervisors	January, 2013
Duane McFadden	Board of Supervisors	January, 2013
Dale E. Sunderman	County Auditor	January, 2013
Tracey J. Marshall	County Treasurer	January, 2015
Joyce Jensen	County Recorder	January, 2015
Darby McLaren	County Sheriff	January, 2013
Daniel Feistner	County Attorney	January, 2015
Brenda Nelson	County Assessor	January, 2016

Gronewold, Bell, Kyhnn & Co. P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Officials of Cass County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cass County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of Cass County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cass County at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 14, 2013 on our consideration of Cass County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

To the Officials of Cass County, Iowa

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis and the Budgetary Comparison Information on pages 3 through 3e and 34 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cass County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

GMEWMA, Ben, Kuhn & Co. P.C.

Atlantic, Iowa
January 14, 2013

Board of Supervisors Cass County

5 West 7th Street / Atlantic, IA 50022

(712) 243-6661

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MANAGEMENT'S DISCUSSION & ANALYSIS

The Cass County Board of Supervisors provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2012. It is the intent that this statement be reviewed and considered in conjunction with reading the County's financial statements.

2012 FINANCIAL HIGHLIGHTS (See budget for additional information on valuations and levies)

	FY2012	FY2011	CHANGE
Valuation for computing property taxes	\$ 624,457,360	\$ 592,763,159	\$ 31,694,201
Rural Valuation	\$ 382,578,428	\$ 359,126,316	\$ 23,452,112
Urban Valuation	\$ 241,878,932	\$ 233,636,843	\$ 8,242,089
Taxes Levied on Property {see F638-R}	\$ 5,437,302	\$ 5,144,942	\$ 292,360

Cass County levy rates/\$1,000 are shown below:

	FY2012	FY2011
General Basic/General Supplemental	4.84216	4.69793
MH-DD	1.18549	1.24611
Rural Basic/Rural Supplemental	4.37372	4.51522
Total	10.40137	10.45926

{see page - 10 & AFR F634-A}			
<u>Governmental Fund Revenues</u>	FY2012	FY2011	Change
	\$ 14,389,115	\$ 13,027,330	\$ 1,361,785
Comprised in part by the following:			
Net Taxes	\$ 5,153,534	\$ 4,908,597	\$ 244,937
Utility Tax Replacement	\$ 351,405	\$ 332,435	\$ 18,970
State Replacements	\$ 278,253	\$ 233,570	\$ 44,683
Local Option Sales Tax Revenue	\$ 603,906	\$ 641,640	\$ 37,734-

(See page -10-)			
<u>Governmental Fund Expenditures</u>	FY2012	FY2011	Change
	\$ 14,378,675	\$ 11,939,682	\$ 2,438,993
Comprised of the following:			
Operating Expenses	\$ 11,933,112	\$ 11,089,473	\$ 843,639
Capital Projects	\$ 2,196,115	\$ 798,625	\$ 1,397,490
Debt Service	\$ 249,448	\$ 51,584	\$ 197,864

(See page -4-)			
<u>Capital Assets</u>	FY2012	FY2011	Change
	\$ 17,138,892	\$ 15,889,067	\$ 1,249,825

UTILIZATION OF THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.
- The Government-Wide Financial Statements consist of a statement of net assets and a statement of activities. These provide information about the activities of Cass County as a whole and present an overall view of the County's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Cass County's operations in more detail than government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Cass County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.
- Other Supplemental Information provides detailed information about the non major special revenue and the individual fiduciary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

Reporting the County as a Whole

Government-Wide Financial Statements

One of the most important questions asked about the County's finances is *Is the County as a whole better off or worse off as a result of the year's activities?* The statement of net assets and the statement of activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of net assets presents all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the statement of net assets and the statement of activities. Governmental activities include:

1. Public Safety and Legal Services
2. Physical Health & Social Services
3. Mental Health
4. County Environment and Education
5. Roads and Transportation
6. Government Services to Residents
7. Administration
8. Non-program Activities
9. Interest on long-term debt

Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

Cass County has three kinds of funds – governmental, proprietary & fiduciary funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds may include: (1) the General Fund (General Basic & General Supplemental), (2) The Special Revenue Funds such as Mental Health, Rural Services (Rural Basic and Rural Supplemental), Secondary Roads and others, (3) the Debt Service Fund, and (4) the Capital Projects Funds. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) Proprietary funds account for the County's Internal Service Fund and Employee Group Health Insurance Account. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.
- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include agency funds that account for emergency management services, the county assessor and others.

The fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. This is the fifth year the County is utilizing accumulated depreciation for capital assets. The analysis that follows focuses on the changes of the net assets for our governmental activities.

Statement of Net Assets - Governmental Activities

Net Assets (see page -5-)	June 30, 2012	June 30, 2011
Invested in Capital Assets, Net of Related Debt	\$ 15,833,408	\$ 14,887,583
Restricted for:		
Mental Health Purposes	570,875	635,047
Rural Services Purposes	231,951	184,414
Secondary Roads Purposes	1,438,215	1,193,588
Local Option Sales Tax Purposes	136,332	381,562
County Attorney and sheriff investigation purpose	552,609	289,881
Other Purposes	353,216	230,291
Unrestricted	782,550	539,466
Net Assets	\$ 19,899,156	\$ 18,341,832
Short-Term Liabilities (see page -4-)	6,550,519	5,968,408
Amazing Energy advance	602,295	602,295
Long-term Liabilities due or payable within one year	248,386	206,853
Long-Term Debt Outstanding- G.O. Bond	647,189	374,189
Total Liabilities	\$ 8,048,389	\$ 7,151,745

A large portion of the County's total assets is the Invested in Capital Assets (e.g. land, infrastructure, buildings, and equipment), less the related debt. Restricted net assets represent resources that are subject to external restrictions, constitution provisions, or enabling legislation on how they can be used. Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements.

Changes in Net Assets of Governmental Activities
(See Page -6-; Exhibit B- Statement of Activities)
Year Ended June 30, 2012

REVENUES			
	Program Revenues		
		Charges for services	\$ 446,687
		Operating Grants & Contributions & Int.	5,549,815
		Capital Grants & Contributions	1,388,792
	General Revenues		
		Property Taxes	5,540,274
		Penalty & Interest on Property Taxes	50,179
		State tax credits	751,237
		Local option sales & service tax	603,906
		Unrestricted investment earnings	84,778
		Other general revenues	1,079,378
		Total revenues	15,495,046
PROGRAM EXPENSES			
	Public Safety & Legal Services		
			1,965,999
	Physical Health & Social Services		
			478,949
	Mental Health		
			2,318,274
	County Environment & Education		
			439,836
	Roads & Transportation		
			5,187,931
	Government Services to Residents		
			400,000
	Administration		
			2,245,775
	Non-program		
			867,510
	Interest on Long Term Debt		
			33,448
		Total expenses	13,937,722
	Change in net assets		
			1,557,324
	Net assets beginning of year		
			18,341,832
	Net assets end of year		
			\$ 19,899,156

INDIVIDUAL FUND ANALYSIS

(See Balance Sheet Page -8-)

Fund Balances at end of	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>
General Fund	759,867	439,532	563,743	802,315
Mental Health/DD Fund	294,208	423,669	642,370	580,137
Rural Services	100,079	156,580	193,991	245,461
Secondary Roads	1,142,221	633,983	1,279,998	1,528,561
Local Option Sales Tax	220,743	289,280	381,562	136,332
Co. Attorney & Sheriff				
Invest	180,529	259,645	289,881	552,609
Capital Projects	145,710	52,272	21,320	82,732
Other Funds	63,296	37,464	18,368	86,351
Total	<u>2,906,653</u>	<u>2,292,425</u>	<u>3,391,233</u>	<u>4,014,498</u>

GENERAL BUDGETARY HIGHLIGHTS

Over the course of the year, Cass County amended its budget two times. The amendments to the budget were made March 14, 2012 and May 23, 2012. Budgeted receipts increased by \$1,003,547, comprised of \$37,500 of property and other County tax, \$62,340 of intergovernmental, \$383,707 of miscellaneous, and \$520,000 of other financing sources. Budgeted expenditures increased by \$1,209,329, comprised of \$44,150 of public safety and legal services, \$12,000 of physical health and social services, \$383,467 of roads and transportation, \$50,340 of non-program, \$199,372 of debt service, and \$520,000 of capital projects. Actual expenditures were under the amounts budgeted by \$2,361,562.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets (see page -4-)

Cass County ended FY 2012 with approximately \$17,138,892 invested in a broad range of capital assets.

Debt

Cass County and Audubon County invested \$1,000,000 (\$500,000 each) in a joint land purchase/economic development project in FY2007: Valley Business Park. General Obligation Bonds in the amount of \$500,000 each for both Cass County and Audubon County were issued September 11, 2007. First principal payment maturity was June 1, 2008. The principal and interest were paid utilizing Local Option Tax revenues and land lease income. During FY2010, FY2011, and FY2012, the same sources were used to pay principal and interest. The intent is to continue to pay general obligation expenses through revenues generated through lease of undeveloped farm ground, Local Option Tax revenues designated for economic development, and revenues resulting from development projects that utilize the site. At the end of FY2012, the General Obligation Bonds remaining were approximately \$375,189.

In August, the County issued \$520,000 of general obligation debt through a local bank to finance the completion of infrastructure improvements at Amaizing Energy site. A principal payment of \$191,000 was made in February, 2012, leaving an outstanding balance of \$329,000 at June 30, 2012.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Cass County's Board of Supervisors considered many factors for the fiscal year 2013 budget, tax rates, the local economic conditions and funding of various County services. One of those factors was the economy which continues down. The County also experienced an increase in its insurance costs – liability and workmen's compensation. The population of Cass County as estimated by the 2010 census was 13,956. The county compensation board recommended a 2.5% increase for attorney, recorder, treasurer, auditor, sheriff, and supervisors for FY2013. The board of supervisors approved the recommendation.

The County attempts to keep all departmental budgets to as small an increase as practical to help alleviate the difference between revenue and expenditures in an effort to maintain all current county programs. Limitations of growth in the general funds may jeopardize continuation of current levels of service. Cass County has no plans for the addition of any major new programs or initiatives in the FY 2013 budget.

If projections are realized, during FY 2013 some depletion of fund balances may occur.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Cass County's finances and show accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Cass County Auditor's office, Cass County Courthouse, Atlantic, IA 50022, telephone (712)243-4570.

Cass County
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 4,225,148
Receivables:	
Property tax:	
Delinquent	5,551
Succeeding year	5,903,500
Interest and penalty on property tax	5,315
Accounts	4,493
Accrued interest	1,138
Due from other governments	579,951
Inventories	83,557
Capital assets (net of accumulated depreciation)	<u>17,138,892</u>
Total assets	<u>27,947,545</u>
Liabilities	
Accounts payable	230,354
Accrued interest payable	547
Salaries and benefits payable	26,940
Due to other funds	10,490
Due to other governments	378,688
Deferred revenue:	
Succeeding year property tax	5,903,500
Amazing Energy advance	602,295
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	192,386
General obligation bond	56,000
Portion due or payable after one year:	
General obligation bond	<u>647,189</u>
Total liabilities	<u>8,048,389</u>

(continued next page)

Cass County
Statement of Net Assets - continued
June 30, 2012

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 15,833,408
Restricted for:	
Mental health purposes	570,875
Rural service purposes	231,951
Secondary roads purposes	1,438,215
County attorney and sheriff investigation purposes	552,609
Other purposes	489,548
Unrestricted	<u>782,550</u>
Total net assets	<u>\$ 19,899,156</u>

See notes to financial statements.

Cass County
Statement of Activities
Year ended June 30, 2012

		<u>Program Revenues</u>
	<u>Expenses</u>	<u>Charges for Service</u>
Functions/Programs:		
Governmental activities:		
Public safety and legal services	\$ 1,965,999	\$ 167,378
Physical health and social services	478,949	--
Mental health	2,318,274	471
County environment and education	439,836	27,548
Roads and transportation	5,187,931	--
Governmental services to residents	400,000	248,499
Administration	2,245,775	2,791
Non-program	867,510	--
Interest on long-term debt	<u>33,448</u>	<u>--</u>
Total	<u>\$ 13,937,722</u>	<u>\$ 446,687</u>
General Revenues:		
Property and other county tax levied for:		
General purposes		
Penalty and interest on property tax		
State tax credits		
Local option sales tax		
Unrestricted investment earnings		
Miscellaneous		
Total general revenues		
Change in net assets		
Net assets beginning of year		
Net assets end of year		

See notes to financial statements.

Program Revenues		
Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets
\$ 363,961	\$ --	\$ (1,434,660)
186,319	--	(292,630)
1,040,962	--	(1,276,841)
102,681	--	(309,607)
2,880,250	1,388,792	(918,889)
1,262	--	(150,239)
924,239	--	(1,318,745)
--	--	(867,510)
<u>50,141</u>	<u>--</u>	<u>16,693</u>
<u>\$ 5,549,815</u>	<u>\$ 1,388,792</u>	<u>(6,552,428)</u>

5,540,274
 50,179
 751,237
 603,906
 84,778
1,079,378

8,109,752

 1,557,324

18,341,832

\$ 19,899,156

Cass County
Balance Sheet
Governmental Funds

June 30, 2012

		<u>Special Revenue</u>	
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>
Assets			
Cash and pooled investments	\$ 859,146	\$ 1,001,616	\$ 272,369
Receivables:			
Property tax:			
Delinquent	4,332	848	371
Succeeding year	3,264,500	749,200	1,889,800
Interest and penalty on property tax	5,315	--	--
Accounts	1,583	--	--
Accrued interest	1,138	--	--
Due from other funds	14,794	--	--
Due from other governments	52,213	43,417	--
Inventories	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 4,203,021</u>	<u>\$ 1,795,081</u>	<u>\$ 2,162,540</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 63,972	\$ 101,140	\$ 16,418
Salaries and benefits payable	4,356	1,005	5,275
Due to other funds	25,284	--	--
Due to other governments	14,125	361,407	--
Deferred revenue:			
Succeeding year property tax	3,264,500	749,200	1,889,800
Other	10,094	698	371
Compensated absences	18,375	1,494	5,215
Total liabilities	<u>3,400,706</u>	<u>1,214,944</u>	<u>1,917,079</u>

(continued next page)

<u>Special Revenue</u>			
<u>Secondary Roads</u>	<u>County Attorney and Sheriff Investigation</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 1,188,591	\$ 548,149	\$ 170,097	\$ 4,039,968
--	--	--	5,551
--	--	--	5,903,500
--	--	--	5,315
2,910	--	--	4,493
--	--	--	1,138
--	--	--	14,794
339,286	5,121	139,914	579,951
<u>83,557</u>	<u>--</u>	<u>--</u>	<u>83,557</u>
<u>\$ 1,614,344</u>	<u>\$ 553,270</u>	<u>\$ 310,011</u>	<u>\$ 10,638,267</u>
\$ 46,310	\$ 661	\$ 1,353	\$ 229,854
16,217	--	87	26,940
--	--	--	25,284
--	--	3,156	378,688
--	--	--	5,903,500
--	--	--	11,163
<u>23,256</u>	<u>--</u>	<u>--</u>	<u>48,340</u>
<u>85,783</u>	<u>661</u>	<u>4,596</u>	<u>6,623,769</u>

Cass County
Balance Sheet
Governmental Funds - continued
June 30, 2012

		<u>Special Revenue</u>	
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>
Fund balances:			
Nonspendable:			
Inventories	\$ --	\$ --	\$ --
Restricted for:			
Mental health purposes	--	580,137	--
Rural services purposes	--	--	245,461
Secondary roads purposes	--	--	--
Capital projects	--	--	--
Debt service	--	--	--
Other purposes	--	--	--
Unassigned	<u>802,315</u>	<u>--</u>	<u>--</u>
Total fund balances	<u>802,315</u>	<u>580,137</u>	<u>245,461</u>
 Total liabilities and fund balances	 <u>\$ 4,203,021</u>	 <u>\$ 1,795,081</u>	 <u>\$ 2,162,540</u>

See notes to financial statements.

<u>Special Revenue</u>			
<u>Secondary Roads</u>	<u>County Attorney and Sheriff Investigation</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 83,557	\$ --	\$ --	\$ 83,557
--	--	--	580,137
--	--	--	245,461
1,445,004	--	--	1,445,004
--	--	82,732	82,732
--	--	64	64
--	552,609	222,619	775,228
--	--	--	802,315
<u>1,528,561</u>	<u>552,609</u>	<u>305,415</u>	<u>4,014,498</u>
<u>\$ 1,614,344</u>	<u>\$ 553,270</u>	<u>\$ 310,011</u>	<u>\$ 10,638,267</u>

Cass County

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets

June 30, 2012

Total governmental fund balances (page 8)	\$ 4,014,498
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$23,132,248 and the accumulated depreciation is \$5,993,356.	17,138,892
Assets not available to pay for current period expenditures and, therefore, are deferred in the funds.	11,163
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	184,680
Accrued interest payable, advance payable, and long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,450,077)</u>
Net assets of governmental activities (page 5)	<u>\$ 19,899,156</u>

See notes to financial statements.

Cass County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2012

		<u>Special Revenue</u>	
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>
Revenues:			
Property and other County tax	\$ 3,050,109	\$ 746,640	\$ 1,722,096
Local option sales tax	--	--	--
Interest and penalty on property tax	48,160	--	--
Intergovernmental	1,196,929	1,503,484	167,779
Licenses and permits	18,278	--	--
Charges for service	347,920	471	--
Use of money and property	79,498	--	--
Miscellaneous	61,476	--	1,469
Total revenues	<u>4,802,370</u>	<u>2,250,595</u>	<u>1,891,344</u>
Expenditures:			
Operating:			
Public safety and legal services	1,276,973	--	583,912
Physical health and social services	478,949	--	--
Mental health	--	2,312,828	--
County environment and education	317,408	--	93,939
Roads and transportation	--	--	235,179
Governmental services to residents	398,734	--	--
Administration	1,129,327	--	--
Non-program	867,510	--	--
Debt service	--	--	--
Capital projects	--	--	584
Total expenditures	<u>4,468,901</u>	<u>2,312,828</u>	<u>913,614</u>
Excess (deficiency) of revenues over (under) expenditures	<u>333,469</u>	<u>(62,233)</u>	<u>977,730</u>

(continued next page)

<u>Special Revenue</u>			
<u>Secondary Roads</u>	<u>County Attorney and Sheriff Investigation</u>	<u>Nonmajor</u>	<u>Total</u>
\$ --	\$ --	\$ 28,137	\$ 5,546,982
--	--	603,906	603,906
--	--	--	48,160
3,784,859	11,660	40,980	6,705,691
8,340	--	--	26,618
--	--	4,289	352,680
--	90	81,358	160,946
<u>444,601</u>	<u>336,453</u>	<u>100,133</u>	<u>944,132</u>
<u>4,237,800</u>	<u>348,203</u>	<u>858,803</u>	<u>14,389,115</u>
--	74,475	--	1,935,360
--	--	--	478,949
--	--	--	2,312,828
--	--	19,294	430,641
4,140,630	--	--	4,375,809
--	--	3,954	402,688
--	--	--	1,129,327
--	--	--	867,510
--	--	249,448	249,448
<u>1,416,481</u>	<u>--</u>	<u>779,050</u>	<u>2,196,115</u>
<u>5,557,111</u>	<u>74,475</u>	<u>1,051,746</u>	<u>14,378,675</u>
<u>(1,319,311)</u>	<u>273,728</u>	<u>(192,943)</u>	<u>10,440</u>

Cass County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds - continued

Year ended June 30, 2012

	<u>Special Revenue</u>		
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>
Other financing sources (uses):			
Sale of capital assets	\$ --	\$ --	\$ --
General obligation bonds issued	--	--	--
Operating transfers in	11,000	--	242,892
Operating transfers out	(105,897)	--	(1,169,152)
Total other financing sources (uses)	(94,897)	--	(926,260)
Net change in fund balances	238,572	(62,233)	51,470
Fund balances beginning of year	<u>563,743</u>	<u>642,370</u>	<u>193,991</u>
Fund balances end of year	<u>\$ 802,315</u>	<u>\$ 580,137</u>	<u>\$ 245,461</u>

See notes to financial statements.

<u>Special Revenue</u>			
<u>Secondary Roads</u>	<u>County Attorney and Sheriff Investigation</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 92,825	\$ --	\$ --	\$ 92,825
--	--	520,000	520,000
1,475,049	--	520,000	2,248,941
--	(11,000)	(962,892)	(2,248,941)
<u>1,567,874</u>	<u>(11,000)</u>	<u>77,108</u>	<u>612,825</u>
248,563	262,728	(115,835)	623,265
<u>1,279,998</u>	<u>289,881</u>	<u>421,250</u>	<u>3,391,233</u>
<u>\$ 1,528,561</u>	<u>\$ 552,609</u>	<u>\$ 305,415</u>	<u>\$ 4,014,498</u>

Cass County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds to the Statement of Activities

Year ended June 30, 2012

Net change in fund balance - Total governmental funds (page 11) \$ 623,265

Amounts reported for governmental activities in the statements of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 1,879,262	
Capital assets contributed by the Iowa Department of Transportation	280,456	
Depreciation expense	<u>(848,310)</u>	1,311,408

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (61,583)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Debt proceeds	(520,000)	
Principal paid	<u>216,000</u>	(304,000)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds.

Change in deferred property tax revenues	(4,689)
--	----------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	(607)
----------------------	--------

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.

(6,470)

Change in net assets of governmental activities (page 6) \$ 1,557,324

See notes to financial statements.

Cass County
Statement of Net Assets
Proprietary Fund

June 30, 2012

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ <u>185,180</u>
Total assets	185,180
Liabilities	
Accounts payable	<u>500</u>
Net Assets	
Unrestricted	<u>\$ 184,680</u>

See notes to financial statements.

Cass County
Statement of Revenues, Expenses, and Changes
in Fund Net Assets
Proprietary Fund

Year ended June 30, 2012

		Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds		\$ 907,408
Reimbursements from employees		147,069
Miscellaneous revenue		<u>24,901</u>
Total operating revenues		1,079,378
Operating expenses:		
Medical claims	\$ 177,670	
Insurance premiums	900,531	
Administrative fees	<u>7,647</u>	<u>1,085,848</u>
Operating loss		(6,470)
Net assets beginning of year		<u>191,150</u>
Net assets end of year		<u>\$ 184,680</u>

See notes to financial statements.

Cass County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2012

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 907,408
Cash received from employees and others	171,970
Cash payments to suppliers for services	<u>(1,085,848)</u>
Net cash used in operating activities	(6,470)
Cash and cash equivalents at beginning of year	<u>191,650</u>
Cash and cash equivalents at end of year	<u><u>\$ 185,180</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$(6,470)
Net cash used in operating activities	<u><u>\$(6,470)</u></u>

See notes to financial statements.

Cass County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2012

Assets

Cash and pooled investments:

County Treasurer	\$ 894,460
Other County officials	26,993

Receivables:

Property tax:

Delinquent	25,267
Succeeding year	16,518,000

Accounts	16,395
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Due from other funds	25,284
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Due from other governments	123,876
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Total assets	17,630,275
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Liabilities

Accounts payable	14,796
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Salaries and benefits payable	4,719
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Due to other funds	14,794
--------------------	--------

Due to other governments	17,517,909
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Trusts payable	11,326
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Compensated absences	66,731
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Total liabilities	17,630,275
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Net assets	\$ --
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See notes to financial statements.

Cass County
Notes to Financial Statements

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cass County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Cass County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Cass County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Nine drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Cass County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. Financial information for the individual drainage districts can be obtained from the Cass County Auditor's office.

Cass County
Notes to Financial Statements

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Related Organizations - The County Board of Supervisors are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The Board of Supervisors appoint two of the five members to the board of the Cass County Environmental Control Agency. An audit of this Agency is performed and filed under separate cover. Financial transactions of this organization are included in the County's financial statements only to the extent of the County's fiduciary relationship with the Commission and, as such, are reported in an Agency Fund of the County.

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Cass County Assessor's Conference Board, Public Safety Communications Commission, Cass County Joint E911 Service Board and Cass County Emergency Management Services Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Cass County
Notes to Financial Statements

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

The County Attorney and Sheriff Investigation Fund (Seized Money Fund) is used to account for forfeitures available for law enforcement.

Cass County
Notes to Financial Statements
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cass County
Notes to Financial Statements

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications - committed, assigned and then unassigned fund balances.

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Cass County
Notes to Financial Statements
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2011.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from and Due to Other funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2012, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Cass County
Notes to Financial Statements

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets - Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings, and improvements	25,000
Intangibles	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	2 - 20
Vehicles	3 - 10

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Cass County
Notes to Financial Statements

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is generally paid at 25%, not to exceed 800 hours, upon retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislations.

Cass County
Notes to Financial Statements

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

Net Assets - The net assets of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

NOTE 2 - CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$878,540 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Cass County
Notes to Financial Statements
June 30, 2012

NOTE 2 - CASH AND POOLED INVESTMENTS - Continued

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

Credit risk. The investment in Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk. The County places no limit on the amount that may be invested in any one issuer.

NOTE 3 - DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency:	
	County Offices	\$ 1,738
	Auto License and Use Tax	<u>13,056</u>
		14,794
Agency:		
Public Safety	General	<u>25,284</u>
Total		<u>\$ 40,078</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Cass County
Notes to Financial Statements
June 30, 2012

NOTE 4 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: County Attorney and Sheriff Investigation	\$ 11,000
Special Revenue: Secondary Roads	General	105,897
	Special Revenue: Rural Services	1,169,152
	Local Option Tax	<u>200,000</u>
		1,475,049
Special Revenue: Rural Services	Special Revenue: Local Option Tax	242,892
Capital Projects: Amaizing Energy Atlantic	Debt Service	<u>520,000</u>
		<u>\$ 2,248,941</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Cass County
Notes to Financial Statements
June 30, 2012

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,344,700	\$ --	\$ --	\$ 1,344,700
Construction in progress	<u>--</u>	<u>1,656,750</u>	<u>640,499</u>	<u>1,016,251</u>
Total capital assets not being depreciated	<u>1,344,700</u>	<u>1,656,750</u>	<u>640,499</u>	<u>2,360,951</u>
Capital assets being depreciated:				
Buildings	1,767,158	--	--	1,767,158
Equipment and vehicles	5,322,425	502,968	517,904	5,307,489
Infrastructure, road network	<u>13,056,151</u>	<u>640,499</u>	<u>--</u>	<u>13,696,650</u>
Total capital assets being depreciated	<u>20,145,734</u>	<u>1,143,467</u>	<u>517,904</u>	<u>20,771,297</u>
Less accumulated depreciation for:				
Buildings	1,364,559	31,583	--	1,396,142
Equipment and vehicles	3,282,098	460,300	456,321	3,286,077
Infrastructure, road network	<u>954,710</u>	<u>356,427</u>	<u>--</u>	<u>1,311,137</u>
Total accumulated depreciation	<u>5,601,367</u>	<u>848,310</u>	<u>456,321</u>	<u>5,993,356</u>
Total capital assets being depreciated, net	<u>14,544,367</u>	<u>295,157</u>	<u>61,583</u>	<u>14,777,941</u>
Governmental activities capital assets, net	<u>\$ 15,889,067</u>	<u>\$ 1,951,907</u>	<u>\$ 702,082</u>	<u>\$ 17,138,892</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 64,547
County environment and education	43,132
Roads and transportation	702,916
Administrative services	<u>37,715</u>
Total depreciation expense - governmental activities	<u>\$ 848,310</u>

Cass County
Notes to Financial Statements
June 30, 2012

NOTE 6 - DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 14,125
Special Revenue:		
Mental Health	Services	361,407
Local Option Tax		235
Drainage Districts		1,550
Flood and Erosion		<u>1,371</u>
Total for governmental funds		<u>\$ 378,688</u>
Agency:		
County Assessor	Collections	\$ 421,399
Schools		8,877,063
Community Colleges		760,307
Corporations		4,429,898
Auto License and Use Tax		332,634
County Hospital		2,049,812
All Other		<u>646,796</u>
Total for agency funds		<u>\$ 17,517,909</u>

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	<u>General Obligation Bonds</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance beginning of year	\$ 399,189	\$ 181,853	\$ 581,042
Increases	520,000	10,533	530,533
Decreases	<u>216,000</u>	<u>--</u>	<u>216,000</u>
Balance end of year	<u>\$ 703,189</u>	<u>\$ 192,386</u>	<u>\$ 895,575</u>
Due within one year	<u>\$ 56,000</u>	<u>\$ 192,386</u>	<u>\$ 248,386</u>

Cass County
Notes to Financial Statements
June 30, 2012

NOTE 7 - LONG-TERM LIABILITIES - Continued

A summary of the County's June 30, 2012 general obligation bond indebtedness is as follows:

<u>Year ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	3.35% - 6.25%	\$ 56,000	\$ 37,896	\$ 93,896
2014	3.35% - 6.25%	56,000	31,871	87,871
2015	3.35% - 6.25%	56,000	29,110	85,110
2016	3.35% - 6.25%	61,000	26,352	87,352
2017	3.35% - 6.25%	61,000	23,279	84,279
2018-2022	3.35% - 6.25%	344,189	66,256	411,256
2023-2025	3.35%	<u>69,000</u>	<u>4,389</u>	<u>73,389</u>
Total		<u>\$ 703,189</u>	<u>\$ 219,153</u>	<u>\$ 923,153</u>

During the year ended June 30, 2012, the County issued \$520,000 of general obligation bonds and retired \$216,000 of general obligation bonds.

NOTE 8 - SHORT-TERM DEBT

Amaizing Energy Atlantic, LLC

During the year ended June 30, 2007, the County entered into an agreement with Amaizing Energy Atlantic, LLC related to road, sewer and water infrastructure improvements for the construction of an ethanol plant. The infrastructure improvements were estimated to cost \$3,100,000, and were intended to be financed with the issuance of a Tax Income Revenue Bond. Amaizing Energy Atlantic, LLC agreed to provide funding up to \$686,800 to finance the project until the Tax Income Revenue Bond was to be issued, at which time Amaizing Energy Atlantic, LLC would be reimbursed. However, Amaizing Energy Atlantic, LLC stopped construction of the ethanol plant. Therefore, the infrastructure improvements and the issuance of a Tax Income Revenue Bond have been placed on hold. As of June 30, 2012, Amaizing Energy Atlantic, LLC has provided the County a non-interest bearing advance of \$602,295, and the County has expended \$601,561, which is reported in infrastructure.

NOTE 9 - PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Cass County
Notes to Financial Statements
June 30, 2012

NOTE 9 - PENSION AND RETIREMENT BENEFITS - continued

Most regular plan members are required to contribute 5.38% (5.78% beginning July 1, 2012) of their annual covered salary and the County is required to contribute 8.07% (8.67% beginning July 1, 2012) of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were approximately \$309,000, \$262,000, and \$243,000, respectively, equal to the required contributions for each year.

NOTE 10 - RISK MANAGEMENT

Cass County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 663 members from various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expense and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2012 were approximately \$175,900.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

Cass County
Notes to Financial Statements

June 30, 2012

NOTE 10 - RISK MANAGEMENT - continued

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2012, no liability has been recorded in the County's financial statements. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 - EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual out of pocket maximum of \$4,000 for single coverage and \$8,000 for family coverage. Claims in excess of the out of pocket maximums are insured through the purchase of insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2012 was \$907,408.

Cass County
Notes to Financial Statements
June 30, 2012

NOTE 11 - EMPLOYEE HEALTH INSURANCE PLAN - continued

Amounts payable from the Employee Group Health Fund at June 30, 2012 total \$500, which is for incurred but not recorded (IBNR) and reported but not paid claims. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. At June 30, 2012, the County has accumulated funds in excess of actual claims paid of \$184,680, which is reported as net assets of the Internal Service, Employee Group Health Fund.

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: As required by state law, the County offers health insurance to former employees who have retired after age 55, but have not reached Medicare eligibility. The fully insured plan is a part of the plan offered to all County employees, and the retiree must pay a health insurance premium equal to that charged for current employees. There are approximately 89 active employees and 2 retirees currently covered by the Plan.

Potential for Liability: The County currently finances a retiree benefit plan on a pay-as-you-go basis. A review of the County's current and potential future exposure to this requirement resulted in the conclusion that no material liability exists.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Construction

The County has entered into two contracts totaling approximately \$1,936,100 for bridge repairs to be completed during fiscal year 2013. The projects will be financed with internally generated funds.

Subsequent Events

Subsequent to year end, the County purchased various equipment items totaling approximately \$480,000.

The County has evaluated all subsequent events through January 14, 2013, the date the financial statements were available to be issued.

* * *

REQUIRED SUPPLEMENTARY INFORMATION

Cass County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) - All Governmental Funds

Required Supplementary Information

Year ended June 30, 2012

	<u>Actual</u>	<u>Less Funds not Required to be Budgeted</u>	<u>Net</u>
Receipts:			
Property and other County tax	\$ 6,154,774	\$ --	\$ 6,154,774
Interest and penalty on property tax	49,027	--	49,027
Intergovernmental	6,400,786	--	6,400,786
Licenses and permits	28,518	--	28,518
Charges for service	356,853	--	356,853
Use of money and property	163,069	--	163,069
Miscellaneous	962,321	42,734	919,587
Total receipts	<u>14,115,348</u>	<u>42,734</u>	<u>14,072,614</u>
Disbursements:			
Public safety and legal services	1,943,844	--	1,943,844
Physical health and social services	468,751	--	468,751
Mental health	2,111,138	--	2,111,138
County environment and education	430,714	--	430,714
Roads and transportation	4,397,373	--	4,397,373
Governmental services to residents	400,834	--	400,834
Administrative services	1,130,237	--	1,130,237
Non-program	940,213	--	940,213
Debt service	249,448	--	249,448
Capital projects	2,176,455	--	2,176,455
Total disbursements	<u>14,249,007</u>	<u>--</u>	<u>14,249,007</u>
Excess (deficiency) of receipts over (under) disbursements	(133,659)	42,734	(176,393)
Other financing sources, net	<u>612,825</u>	<u>--</u>	<u>612,825</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	479,166	42,734	436,432
Balance beginning of year	<u>3,560,802</u>	<u>(41,184)</u>	<u>3,601,986</u>
Balance end of year	<u>\$ 4,039,968</u>	<u>\$ 1,550</u>	<u>\$ 4,038,418</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net Variance
\$ 6,203,949	\$ 6,241,449	\$ (86,675)
35,770	35,770	13,257
6,722,626	6,784,966	(384,180)
17,150	17,150	11,368
336,266	336,266	20,587
167,045	167,045	(3,976)
541,883	925,590	(6,003)
<u>14,024,689</u>	<u>14,508,236</u>	<u>(435,622)</u>
2,234,359	2,278,509	334,665
637,435	649,435	180,684
2,647,673	2,647,673	536,535
452,827	452,827	22,113
4,383,399	4,766,866	369,493
455,856	455,856	55,022
1,192,805	1,192,805	62,568
1,228,540	1,278,880	338,667
111,563	310,935	61,487
2,056,783	2,576,783	400,328
<u>15,401,240</u>	<u>16,610,569</u>	<u>2,361,562</u>
(1,376,551)	(2,102,333)	1,925,940
<u>--</u>	<u>520,000</u>	<u>92,825</u>
(1,376,551)	(1,582,333)	2,018,765
<u>2,248,393</u>	<u>3,600,067</u>	<u>1,919</u>
<u>\$ 871,842</u>	<u>\$ 2,017,734</u>	<u>\$ 2,020,684</u>

Cass County
 Budgetary Comparison Schedule -Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2012

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 14,115,348	\$ 273,767	\$ 14,389,115
Expenditures	<u>14,249,007</u>	<u>(129,668)</u>	<u>14,378,675</u>
Net	(133,659)	144,099	10,440
Other financing sources, net	612,825	--	612,825
Beginning fund balances	<u>3,560,802</u>	<u>(169,569)</u>	<u>3,391,233</u>
Ending fund balances	<u>\$ 4,039,968</u>	<u>\$(25,470)</u>	<u>\$ 4,014,498</u>

See accompanying independent auditor's report.

Cass County

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2012

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,209,329. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

SUPPLEMENTARY INFORMATION

Cass County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2012

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Conservation Land Acquisition Trust	Resource Enhancement and Protection
Assets				
Cash and pooled investments	\$ 2,923	\$ 397	\$ 15,527	\$ 12,905
Due from other governments	--	--	--	--
Total assets	<u>\$ 2,923</u>	<u>\$ 397</u>	<u>\$ 15,527</u>	<u>\$ 12,905</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Due to other governments	--	--	--	--
Total liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances:				
Restricted for:				
Capital projects	--	--	--	--
Other purposes	2,923	397	15,527	12,905
Debt service	--	--	--	--
Total fund balance	<u>2,923</u>	<u>397</u>	<u>15,527</u>	<u>12,905</u>
Total liabilities and fund balance	<u>\$ 2,923</u>	<u>\$ 397</u>	<u>\$ 15,527</u>	<u>\$ 12,905</u>

See accompanying independent auditor's report.

Schedule 1

Special Revenue					Capital Projects		
Flood and Erosion	Drainage Districts	Local Option Tax	Geographic Information System	Debt Service	General	Amaizing Energy Atlantic	Total
\$ 11,718	\$ 1,550	\$ 39,387	\$ 1,669	\$ 64	\$ 51,151	\$ 32,806	\$ 170,097
--	42,734	97,180	--	--	--	--	139,914
<u>\$ 11,718</u>	<u>\$ 44,284</u>	<u>\$ 136,567</u>	<u>\$ 1,669</u>	<u>\$ 64</u>	<u>\$ 51,151</u>	<u>\$ 32,806</u>	<u>\$ 310,011</u>
\$ --	\$ --	\$ --	\$ 128	\$ --	\$ 1,225	\$ --	\$ 1,353
87	--	--	--	--	--	--	87
<u>1,371</u>	<u>1,550</u>	<u>235</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,156</u>
<u>1,458</u>	<u>1,550</u>	<u>235</u>	<u>128</u>	<u>--</u>	<u>1,225</u>	<u>--</u>	<u>4,596</u>
--	--	--	--	--	49,926	32,806	82,732
10,260	42,734	136,332	1,541	--	--	--	222,619
--	--	--	--	64	--	--	64
<u>10,260</u>	<u>42,734</u>	<u>136,332</u>	<u>1,541</u>	<u>64</u>	<u>49,926</u>	<u>32,806</u>	<u>305,415</u>
<u>\$ 11,718</u>	<u>\$ 44,284</u>	<u>\$ 136,567</u>	<u>\$ 1,669</u>	<u>\$ 64</u>	<u>\$ 51,151</u>	<u>\$ 32,806</u>	<u>\$ 310,011</u>

Cass County
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2012

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Conservation Land Acquisition Trust	Resource Enhancement and Protection
Revenues:				
Property and other county tax	\$ --	\$ --	\$ --	\$ --
Local option sales tax	--	--	--	--
Intergovernmental	--	--	--	11,780
Charges for service	2,620	--	--	--
Use of money and property	5	21	5,280	2
Miscellaneous	--	--	6,408	--
Total revenues	<u>2,625</u>	<u>21</u>	<u>11,688</u>	<u>11,782</u>
Expenditures:				
Operating:				
County environment and education	--	--	--	--
Governmental services to residents	3,954	--	--	--
Debt service	--	--	--	--
Capital projects	--	--	8,552	--
Total expenditures	<u>3,954</u>	<u>--</u>	<u>8,552</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	(1,329)	21	3,136	11,782
Other financing sources (uses):				
General obligation bonds issued	--	--	--	--
Operating transfers in	--	--	--	--
Operating transfers out	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balance	(1,329)	21	3,136	11,782
Fund balances beginning of year	<u>4,252</u>	<u>376</u>	<u>12,391</u>	<u>1,123</u>
Fund balances end of year	<u>\$ 2,923</u>	<u>\$ 397</u>	<u>\$ 15,527</u>	<u>\$ 12,905</u>

See accompanying independent auditor's report.

Special Revenue					Capital Projects		
Flood and Erosion	Drainage Districts	Local Option Tax	Geographic Information System	Debt Service	General	Amaizing Energy Atlantic	Total
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 28,137	\$ 28,137
--	--	603,906	--	--	--	--	603,906
29,200	--	--	--	--	--	--	40,980
--	--	--	1,669	--	--	--	4,289
--	--	15,600	--	--	60,450	--	81,358
--	42,734	--	--	50,141	850	--	100,133
<u>29,200</u>	<u>42,734</u>	<u>619,506</u>	<u>1,669</u>	<u>50,141</u>	<u>61,300</u>	<u>28,137</u>	<u>858,803</u>
19,166	--	--	128	--	--	--	19,294
--	--	--	--	--	--	--	3,954
--	--	199,371	--	50,077	--	--	249,448
--	--	222,473	--	--	24,880	523,145	779,050
<u>19,166</u>	<u>--</u>	<u>421,844</u>	<u>128</u>	<u>50,077</u>	<u>24,880</u>	<u>523,145</u>	<u>1,051,746</u>
10,034	42,734	197,662	1,541	64	36,420	(495,008)	(192,943)
--	--	--	--	520,000	--	--	520,000
--	--	--	--	--	--	520,000	520,000
<u>--</u>	<u>--</u>	<u>(442,892)</u>	<u>--</u>	<u>(520,000)</u>	<u>--</u>	<u>--</u>	<u>(962,892)</u>
--	--	(442,892)	--	--	--	520,000	77,108
10,034	42,734	(245,230)	1,541	64	36,420	24,992	(115,835)
<u>226</u>	<u>--</u>	<u>381,562</u>	<u>--</u>	<u>--</u>	<u>13,506</u>	<u>7,814</u>	<u>421,250</u>
<u>\$ 10,260</u>	<u>\$ 42,734</u>	<u>\$ 136,332</u>	<u>\$ 1,541</u>	<u>\$ 64</u>	<u>\$ 49,926</u>	<u>\$ 32,806</u>	<u>\$ 305,415</u>

Cass County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2012

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ --	\$ 3,259	\$ 103,245
Other County officials	26,993	--	--
Receivables:			
Property tax:			
Delinquent	--	200	360
Succeeding year	--	176,000	318,000
Accounts	--	--	--
Due from other funds	--	--	--
Due from other governments	<u>--</u>	<u>--</u>	<u>13,328</u>
Total assets	<u>\$ 26,993</u>	<u>\$ 179,459</u>	<u>\$ 434,933</u>
Liabilities			
Accounts payable	\$ --	\$ --	\$ 206
Salaries and benefits payable	--	--	--
Due to other funds	1,738	--	--
Due to other governments	13,929	179,459	421,399
Trusts payable	11,326	--	--
Compensated absences	<u>--</u>	<u>--</u>	<u>13,328</u>
Total liabilities	<u>\$ 26,993</u>	<u>\$ 179,459</u>	<u>\$ 434,933</u>

(continued next page)

Schedule 3

<u>Juvenile Detention Center and Emergency Juvenile Services</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 26,774	\$ 21,309	\$ 3,262	\$ 155,119	\$ 9,454	\$ 56,297
--	--	--	--	--	--
--	--	--	9,944	853	11,601
--	--	--	8,712,000	750,000	4,362,000
--	472	--	--	--	--
--	--	--	--	--	--
<u>45,354</u>	<u>3,377</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 72,128</u>	<u>\$ 25,158</u>	<u>\$ 3,262</u>	<u>\$8,877,063</u>	<u>\$ 760,307</u>	<u>\$ 4,429,898</u>
\$ 619	\$ 584	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
49,784	21,197	3,262	8,877,063	760,307	4,429,898
--	--	--	--	--	--
<u>21,725</u>	<u>3,377</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 72,128</u>	<u>\$ 25,158</u>	<u>\$ 3,262</u>	<u>\$8,877,063</u>	<u>\$ 760,307</u>	<u>\$ 4,429,898</u>

Cass County

Combining Schedule of Fiduciary Assets and Liabilities - Continued
Agency Funds

June 30, 2012

	<u>Townships</u>	<u>Environmental Control Agency</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ 3,807	\$ --	\$ --
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	25	--	2
Succeeding year	185,000	--	2,000
Accounts	--	--	--
Due from other funds	--	--	--
Due from other governments	--	30,678	--
Total assets	<u>\$ 188,832</u>	<u>\$ 30,678</u>	<u>\$ 2,002</u>
Liabilities			
Accounts payable	\$ --	\$ 12,960	\$ --
Salaries and benefits payable	--	2,405	--
Due to other funds	--	--	--
Due to other governments	188,832	--	2,002
Trusts payable	--	--	--
Compensated absences	--	15,313	--
Total liabilities	<u>\$ 188,832</u>	<u>\$ 30,678</u>	<u>\$ 2,002</u>

(continued next page)

<u>Auto License and Use Tax</u>	<u>Advance Tax</u>	<u>County Hospital</u>	<u>Public Safety</u>	<u>County Recorder's Electronic Fee</u>	<u>E911 Operating</u>
\$ 345,690	\$ 40,159	\$ 34,530	\$(5,579)	\$ 467	\$ --
--	--	--	--	--	--
--	--	2,282	--	--	--
--	--	2,013,000	--	--	--
--	--	--	--	--	--
--	--	--	25,284	--	--
--	--	--	21,873	--	297
<u>\$ 345,690</u>	<u>\$ 40,159</u>	<u>\$ 2,049,812</u>	<u>\$ 41,578</u>	<u>\$ 467</u>	<u>\$ 297</u>
\$ --	\$ --	\$ --	\$ 130	\$ --	\$ 297
--	--	--	2,314	--	--
13,056	--	--	--	--	--
332,634	40,159	2,049,812	26,146	467	--
--	--	--	--	--	--
--	--	--	12,988	--	--
<u>\$ 345,690</u>	<u>\$ 40,159</u>	<u>\$ 2,049,812</u>	<u>\$ 41,578</u>	<u>\$ 467</u>	<u>\$ 297</u>

Cass County

Combining Schedule of Fiduciary Assets and Liabilities - Continued
Agency Funds

June 30, 2012

	<u>E911 Surcharge</u>	<u>Cass-Audubon Economic Development</u>	<u>Environmental Planning Trust</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ 65,326	\$ 22,709	\$ 8,632
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	--	--	--
Succeeding year	--	--	--
Accounts	15,923	--	--
Due from other funds	--	--	--
Due from other governments	<u>8,969</u>	<u>--</u>	<u>--</u>
Total assets	<u>\$ 90,218</u>	<u>\$ 22,709</u>	<u>\$ 8,632</u>
Liabilities			
Accounts payable	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--
Due to other funds	--	--	--
Due to other governments	90,218	22,709	8,632
Trusts payable	--	--	--
Compensated absences	<u>--</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>\$ 90,218</u>	<u>\$ 22,709</u>	<u>\$ 8,632</u>

See accompanying independent auditor's report.

Environmental Recycling Trust		Total
<hr/>		<hr/>
\$	--	\$ 894,460
	--	26,993
	--	25,267
	--	16,518,000
	--	16,395
	--	25,284
	--	123,876
<hr/>		<hr/>
\$	--	\$ 17,630,275
<hr/>		<hr/>
<hr/>		<hr/>
\$	--	\$ 14,796
	--	4,719
	--	14,794
	--	17,517,909
	--	11,326
	--	66,731
<hr/>		<hr/>
\$	--	\$ 17,630,275
<hr/>		<hr/>

Cass County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2012

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>
Assets and Liabilities			
Balances beginning of year	\$ 23,461	\$ 178,547	\$ 449,131
Additions:			
Property and other County tax	--	177,251	320,637
E911 surcharge	--	--	--
State tax credits	--	8,974	15,869
Office fees and collections	298,205	--	240
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	239,809	--	--
Advances	--	--	--
Distribution from E911 surcharge fund	--	--	--
Miscellaneous	--	--	6,216
Total additions	<u>538,014</u>	<u>186,225</u>	<u>342,962</u>
Deductions:			
Agency Remittances:			
To other funds	168,015	--	5,531
To other governments	116,411	185,313	351,629
Trusts paid out	250,056	--	--
Distribution to E911 operating fund	--	--	--
Total deductions	<u>534,482</u>	<u>185,313</u>	<u>357,160</u>
Balances end of year	<u>\$ 26,993</u>	<u>\$ 179,459</u>	<u>\$ 434,933</u>

(continued next page)

Schedule 4

<u>Juvenile Detention Center and Emergency Juvenile Services</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 71,333	\$ 31,039	\$ 1,444	\$8,735,792	\$ 517,265	\$ 4,035,971
--	--	--	8,774,167	754,424	4,272,885
--	--	--	--	--	--
--	--	--	429,073	25,992	178,242
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	17,275	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
308,912	78,659	--	--	--	--
<u>308,912</u>	<u>78,659</u>	<u>17,275</u>	<u>9,203,240</u>	<u>780,416</u>	<u>4,451,127</u>
--	--	--	--	--	--
308,117	84,540	15,457	9,061,969	537,374	4,057,200
--	--	--	--	--	--
--	--	--	--	--	--
<u>308,117</u>	<u>84,540</u>	<u>15,457</u>	<u>9,061,969</u>	<u>537,374</u>	<u>4,057,200</u>
<u>\$ 72,128</u>	<u>\$ 25,158</u>	<u>\$ 3,262</u>	<u>\$8,877,063</u>	<u>\$ 760,307</u>	<u>\$ 4,429,898</u>

Cass County

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued
Agency Funds

Year ended June 30, 2012

	<u>Townships</u>	<u>Environmental Control Agency</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Assets and Liabilities			
Balances beginning of year	\$ 174,274	\$ 53,721	\$ 2,004
Additions:			
Property and other County tax	187,616	--	3,282
E911 surcharge	--	--	--
State tax credits	9,679	--	571
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Advances	--	--	--
Distribution from E911 surcharge fund	--	--	--
Miscellaneous	--	902,924	--
Total additions	<u>197,295</u>	<u>902,924</u>	<u>3,853</u>
Deductions:			
Agency Remittances:			
To other funds	--	--	--
To other governments	182,737	925,967	3,855
Trusts paid out	--	--	--
Distribution to E911 operating fund	--	--	--
Total deductions	<u>182,737</u>	<u>925,967</u>	<u>3,855</u>
Balances end of year	\$ <u>188,832</u>	\$ <u>30,678</u>	\$ <u>2,002</u>

(continued next page)

<u>Auto License and Use Tax</u>	<u>Advance Tax</u>	<u>County Hospital</u>	<u>Public Safety</u>	<u>County Recorder's Electronic Fee</u>
\$ 373,680	\$ 51,202	\$ 1,892,580	\$ 38,304	\$ 1,478
--	--	2,026,840	--	--
--	--	--	--	--
--	--	95,056	--	--
--	--	--	--	--
4,267,575	--	--	--	--
51,902	--	--	--	--
--	--	--	--	2,632
--	--	--	--	--
--	--	--	--	--
--	35,471	--	--	--
--	--	--	--	--
300	--	--	304,978	--
<u>4,319,777</u>	<u>35,471</u>	<u>2,121,896</u>	<u>304,978</u>	<u>2,632</u>
52,789	--	--	--	--
4,294,978	46,514	1,964,664	301,704	3,643
--	--	--	--	--
--	--	--	--	--
<u>4,347,767</u>	<u>46,514</u>	<u>1,964,664</u>	<u>301,704</u>	<u>3,643</u>
\$ 345,690	\$ 40,159	\$ 2,049,812	\$ 41,578	\$ 467

Cass County
Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued
Agency Funds

Year ended June 30, 2012

Assets and Liabilities	<u>E911 Operating</u>	<u>E911 Surcharge</u>	<u>Cass-Audubon Economic Development</u>
Balances beginning of year	\$ 555	\$ 88,189	\$ 15,823
Additions:			
Property and other County tax	--	--	--
E911 surcharge	--	119,913	--
State tax credits	--	--	--
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Advances	--	--	--
Distribution from E911 surcharge fund	126,572	--	--
Miscellaneous	--	8,688	107,104
Total additions	<u>126,572</u>	<u>128,601</u>	<u>107,104</u>
Deductions:			
Agency Remittances:			
To other funds	126,830	--	--
To other governments	--	--	100,218
Trusts paid out	--	--	--
Distribution to E911 operating fund	--	126,572	--
Total deductions	<u>126,830</u>	<u>126,572</u>	<u>100,218</u>
Balances end of year	<u>\$ 297</u>	<u>\$ 90,218</u>	<u>\$ 22,709</u>

See accompanying independent auditor's report.

<u>Environmental Planning Trust</u>	<u>Environmental Recycling Trust</u>	<u>Tax Sale Redemption</u>	<u>Total</u>
\$ 4,154	\$ 4,098	\$ --	\$ 16,744,045
--	--	--	16,517,102
--	--	--	119,913
--	--	--	763,456
--	--	--	298,445
--	--	--	4,267,575
--	--	--	51,902
--	--	--	2,632
--	--	--	17,275
--	--	115,864	355,673
--	--	--	35,471
--	--	--	126,572
4,478	9,405	--	1,731,664
<u>4,478</u>	<u>9,405</u>	<u>115,864</u>	<u>24,287,680</u>
--	--	--	353,165
--	13,503	--	22,555,793
--	--	115,864	365,920
--	--	--	126,572
<u>--</u>	<u>13,503</u>	<u>115,864</u>	<u>23,401,450</u>
<u>\$ 8,632</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 17,630,275</u>

Cass County

Schedule of Revenues by Source and Expenditures by Function -
All Governmental Fund Types

For the Last Ten Years

	Modified Accrual Basis				
	2012	2011	2010	2009	2008
Revenues:					
Property and other					
County tax	\$ 6,150,888	\$ 5,888,548	\$ 5,069,888	\$ 4,851,694	\$ 4,805,648
Interest and penalty on					
property tax	48,160	50,972	45,035	49,092	46,544
Intergovernmental	6,705,691	6,087,544	6,509,684	5,398,243	4,998,735
Licenses and permits	26,618	72,190	16,134	12,901	16,179
Charges for service	352,680	364,599	331,044	352,024	369,449
Use of money and					
property	160,946	160,970	173,836	197,003	296,102
Miscellaneous	<u>944,132</u>	<u>402,507</u>	<u>313,162</u>	<u>264,702</u>	<u>325,451</u>
Total	<u>\$ 14,389,115</u>	<u>\$ 13,027,330</u>	<u>\$ 12,458,783</u>	<u>\$ 11,125,659</u>	<u>\$ 10,858,108</u>
Expenditures:					
Operating:					
Public safety and					
legal services	\$ 1,935,360	\$ 1,851,156	\$ 1,672,950	\$ 1,710,523	\$ 1,666,411
Physical health and					
social services	478,949	441,375	554,996	433,167	415,007
Mental health	2,312,828	1,916,651	2,067,276	2,121,352	2,315,481
County environment					
and education	430,641	433,668	389,686	434,787	367,127
Roads and transportation	4,375,809	4,167,109	4,216,540	4,126,502	3,620,861
Governmental services					
to residents	402,688	410,872	396,319	359,223	348,097
Administration	1,129,327	1,070,552	1,019,398	1,007,030	992,373
Non-program	867,510	798,090	1,600,473	337,343	24,067
Debt service	249,448	51,584	52,295	49,130	569,529
Capital projects	<u>2,196,115</u>	<u>798,625</u>	<u>1,166,098</u>	<u>1,081,410</u>	<u>1,412,044</u>
Total	<u>\$ 14,378,675</u>	<u>\$ 11,939,682</u>	<u>\$ 13,136,031</u>	<u>\$ 11,660,467</u>	<u>\$ 11,730,997</u>

See accompanying independent auditor's report.

Modified Accrual Basis				
2007	2006	2005	2004	2003
\$ 4,678,010	\$ 4,321,827	\$ 4,276,692	\$ 3,954,555	\$ 3,774,555
50,066	35,853	46,776	39,140	40,015
4,504,374	4,062,946	4,053,344	4,383,691	4,323,947
11,624	12,654	10,012	9,538	11,046
311,806	336,859	349,344	534,903	404,669
304,575	279,717	175,927	150,236	134,359
<u>537,730</u>	<u>661,879</u>	<u>282,682</u>	<u>127,181</u>	<u>250,992</u>
<u>\$ 10,398,185</u>	<u>\$ 9,711,735</u>	<u>\$ 9,194,777</u>	<u>\$ 9,199,244</u>	<u>\$ 8,939,583</u>
\$ 1,725,161	\$ 1,611,122	\$ 1,382,309	\$ 1,410,230	\$ 1,263,906
385,611	386,747	395,282	368,196	365,959
2,147,822	1,941,999	1,795,418	1,699,740	1,768,386
360,300	307,792	311,758	284,495	343,505
3,412,537	3,481,258	3,400,642	3,464,007	3,457,397
337,930	462,230	334,862	303,884	282,383
923,555	971,115	846,822	791,378	752,168
29,592	117,090	188,489	390,178	353,865
--	--	--	--	--
<u>2,138,169</u>	<u>532,209</u>	<u>404,139</u>	<u>721,146</u>	<u>748,330</u>
<u>\$ 11,460,677</u>	<u>\$ 9,811,562</u>	<u>\$ 9,059,721</u>	<u>\$ 9,433,254</u>	<u>\$ 9,335,899</u>

Cass County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 14,664
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grant Program/State's Program and Non- Entitlement Grants in Hawaii	14.228	08-DRH-203/ 08-DRH-003	638,620
U.S. Department of Transportation:			
Iowa Department of Public Health:			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	5882NB06 BROS-CO15(45)-8J-15 BROS-CO15(51)-8J-15	548 599,760 508,576 <u>1,108,884</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5882NB06/ 5881BT15	39,544
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	58810B04/ 5882NB06	56,398
Community Transformation Grant Community Projects	93.531	5882HP02	29,864
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrance Assistance - State Administered Programs	93.566		34
Child Care Mandatory and Matching Funds of the Child Care and Development Fun	93.596		2,642
Foster Care - Title IV-E	93.658		5,240
Adoption Assistance - Title IV-E	93.659		1,589
Children's Health Insurance Program (CHIP)	93.767		52
Medical Assistance Program (Medicaid, Title XIX)	93.778		13,852

(continued next page)

Cass County

Schedule of Expenditures of Federal Awards - Continued

Year ended June 30, 2012

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
Iowa Department of Human Services (continued):			
Social Services Block Grant	93.667		\$ 4,879
Social Services Block Grant	93.667		71,857
			<u>76,736</u>
U.S. Department of Homeland Security:			
Iowa Homeland Security and Emergency Management Division:			
Hazard Mitigation Grant (HMGP)	97.039	DR-1763-0076-01	5,451
Emergency Management Performance Grants	97.042	EMPG-11-PT-15	24,594
Homeland Security Grant Program	97.067	2009-SS-T9-0034-04	<u>25,136</u>
Total			<u>\$ 2,043,300</u>

Basis of Presentation -The Schedule of Expenditures of Federal Awards includes the federal grant activity of Cass County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation, of the general purpose financial statements.

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Cass County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cass County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated January 14, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Cass County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Cass County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cass County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cass County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined below.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis.

To the Officials of Cass County, Iowa

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cass County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Cass County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Cass County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Cass County and other parties to whom Cass County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Gumewald, Ben, Kuhn & W.P.C.

Atlantic, Iowa
January 14, 2013

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect on
Each Major Program and on Internal Control over Compliance
In Accordance With OMB Circular A-133

To the Officials of Cass County, Iowa

Compliance

We have audited the compliance of Cass County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2012. Cass County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Cass County's management. Our responsibility is to express an opinion on Cass County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cass County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cass County's compliance with those requirements.

In our opinion, Cass County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

To the Officials of Cass County, Iowa

Internal Control Over Compliance

The management of Cass County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Cass County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cass County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Cass County and other parties to whom Cass County may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Gmelwahl, Ben, Kynan & Co. P.C.

Atlantic, Iowa
January 14, 2013

Cass County
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

Part I: Summary of the Independent Auditor's Results

Financial Statements

- (a) Type of auditor's report issued:
- Unqualified.
- (b) Internal control over financial reporting:
- Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified? ☐ yes ☒ none reported
- (c) Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

- (d) Internal control over major program:
- Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified? ☐ yes ☒ none reported
- (e) Type of auditor's report issued on compliance for major program:
- Unqualified.
- (f) Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the OMB Circular A-133? ☒ yes ☐ no
- (g) Identification of major program:
- CFDA Number 20.205 - Highway Planning and Construction (Federal-Aid Highway Program)
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
- (i) Auditee qualified as low-risk auditee? ☒ yes ☐ no

Cass County
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON- COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

Cass County
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

Part IV: Other Findings Related to Required Statutory Reporting

- 12-IV-A Certified Budget: Disbursements during the year ended June 30, 2012 did not exceed amounts budgeted.
- 12-IV-B Questionable Expenditures: No expenditures were noted that do not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 12-IV-C Travel Expense: No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 12-IV-D Business Transactions: The following business transactions between the County and County officials were noted:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Joyce Jensen, Recorder, Stockholder in Robinson Hardware	Supplies	\$ 4,031

The transactions with a corporation in which the Recorder owns stock may represent conflicts of interest as defined in Chapter 331.342 of the Code of Iowa since the total transactions exceed \$1,500 during the fiscal year and the transactions were not competitively bid.

Recommendation: The County should consult legal counsel to determine the disposition of this matter.

Response: All purchases from Robinson Hardware were made by departments other than that of the Recorder, except for \$46, with no single purchase greater than \$500. This is not considered to be a conflict.

Conclusion: Response accepted.

- 12-IV-E Bond Coverage: Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

Cass County
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

Part IV: Other Findings Related to Required Statutory Reporting - Continued

- 12-IV-F Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.
- 12-IV-G Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- 12-IV-H Resource Enhancement and Protection Certification: The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- 12-IV-I County Extension Office: The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.
- Disbursements during the year ended June 30, 2012 for the County Extension Office did not exceed the amount budgeted.
- 12-IV-J Payment of General Obligation Bonds: Certain general obligation notes were paid from the Special Revenue, Local Option Tax Fund. The Debt Service Fund is to be used to account for the payment of interest and principal on the County's general long-term debt.
- Recommendation: The County should transfer from the Special Revenue, Local Option Tax Fund to the Debt Service Fund for future funding contributions. Payments of the notes should then be disbursed from the Debt Service Fund.
- Response: We will consider transferring to the Debt Service Fund in the future as recommended.
- Conclusion: Response accepted.

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